



## Government, Administration and Elections Committee

February 22, 2106

Testimony in Opposition to:

*Senate Bill 104, "An Act Establishing The State Civic Network"*

Submitted By: Paul Quick, SVP and General Manager, Frontier Communications

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Chairman Cassano, Chairman Jutila, Senator McLachlan and Representative Smith, thank you for the opportunity to submit testimony in opposition to *Senate Bill 104, "An Act Establishing The State Civic Network"*. While we are sure that the bill was drafted with good intentions, there are many problems inherent in this proposal.

Since its acquisition of SNET in October of 2014, Frontier has made great progress in this state. We have added over 300 jobs to our workforce, with plans to add 200 more over the next two years. We are on track to invest \$480 million in the state's telecommunications infrastructure in the three years following the acquisition, with over \$150 million spent in 2015 alone. Further, we have expanded Broadband service capabilities for over 25,000 underserved households, including 2,500 that were previously unserved. We are continually expanding fiber optics in the state, and now have over 868,000 miles of fiber in our network. We are optimistic about our future in Connecticut, but concerned that bills such as Senate Bill 104 could put our progress in jeopardy.

The biggest problem with this bill is the open ended tax increase it creates. Citizens in Connecticut are already paying some of the highest taxes in the country. At a time when seemingly all policy makers and stake holders in the state agree that increasing the tax burden on our citizens is unwise, this bill allows for the imposition of a tax with *no limitation in the amount*. This could allow for a tax increase of such an amount that could render the provision of TV services in this state unaffordable to all but the wealthiest. This in turn would have the effect of crippling an industry that employs thousands of people in the state (Frontier alone has over 3,000 employees in Connecticut) and provides millions of dollars in much needed tax revenue. Further, since the amount of this tax increase is set not by the Legislature but by an administrative body, there is a lack of transparency that should raise the concerns of citizens and lawmakers alike.

In addition, regardless of the actual amount of the tax, it is important to note that this is a regressive tax that will be imposed on those that can least afford it. There are already a host of state and federal taxes and fees paid by the customers of cable and TV providers. In fact, these taxes and fees makeup over 10% of a customer's bill. By raising the costs of TV services in the state, this bill could actually limit the number of citizens that can afford to view the very legislative and other state government proceedings the bill is attempting to highlight, and in some places within the state, widen the digital divide.

The provision of TV services is an extremely competitive industry and is facing pressures from multiple other forms of entertainment. The state should not be adding further competitive challenges through the imposition of an open ended, regressive tax that will ultimately hurt both customers and the industry alike. For these reasons we respectfully request that you take no further action on this bill.